

CYPRESS RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Minutes of October 19, 2017 Meeting

A regular meeting of the Board of Directors of Cypress Ranch Water Control and Improvement District No. 1, open to the public, was held inside the boundaries of the District at the West Cypress Hills Amenity Center Pavilion, 5600 Cypress Ranch Boulevard, Spicewood, Texas 78669, at 12:00 noon on October 19, 2017. A copy of the notice of meeting is attached hereto.

The roll was called of the members of the Board of Directors, to-wit:

Gene Darling	Ronald den Hoed	Joe Peeler
Joanne Molinyawe	Tony Salinas	

And all of said persons were present, thus constituting a quorum. Also in attendance were Jeff Monzingo representing Montoya & Monzingo, LLP; Hank Smith and Justin Lange representing Texas Engineering Solutions, LLC; Hal Lanham, Brett Lanham, and Mike Bamer representing AWR Services, Inc.; Steven Bond, consulting geologist, and Joe Vickers representing Wellspec Company; Cody Greaney representing Landscape and Business Services; and Carl Shahady and Cyndi Ferris representing Tiemann, Shahady & Hamala, P.C.

The Board reviewed the minutes of the meeting held on September 21, 2017. Upon a motion by Director Darling, seconded by Director Salinas, and unanimously approved, the Board approved the minutes of the prior meeting. There were no public comments.

Director Darling advised the group that public comment would be deferred until mowing and landscaping were discussed.

Pursuant to a request by Mr. Vickers, the Board next discussed water supply capacity for the District. Hank Smith explained:

- (1) the District currently has 13 wells, with a total of 25 wells permitted through the Texas Commission on Environmental Quality;
- (2) Wells are dug as needed in the District at a cost of approximately \$250,000 per well.
- (3) At the September 21 Board meeting, Wellspec provided the District with a proposal to evaluate the current well system.

Hank Smith recommended drilling more wells within the District because:

1. The District may soon be a part of the Travis Conservation District, which would limit the amount of ground water available to the District. (Later in the meeting, it was noted that no one was sure if the legislation had passed.);
2. Sweetwater does not have enough water for the District;
3. Water access from Lake Travis would cost approximately \$50,000,000.

Director Darling asked how Wellspec would evaluate the wells. Joe Vickers and Steven Bond explained that water levels drop over time, and that wells would be cleaned and discharged. When questioned about hazardous waste, consultants agreed that hazardous waste would be a concern and removal of hazardous waste would cost more.

Consultants noted that Well No. 5 was the first well that Wellspec was involved with in the District. A map of well locations in the District was presented to the group. Hank Smith explained that Well Nos. 12-15 were the highest water producers in the District. He also explained that deer removal would be done this year on the back half of the District in compliance with the Texas Parks & Wildlife Department.

Director Darling recommended hiring Wellspec for \$10,000 to evaluate the current well system. Upon a motion by Director den Hoed and a second by Director Peeler, the Board unanimously approved hiring Wellspec to evaluate the wells.

The Board next discussed mowing and landscaping services within the District. Director Molinyawe explained that the new landscaping company, Landscape and Business Services (LBS), was in transition and that the District had taken over maintenance of property formerly maintained by the HOA. Director Darling asked residents about their concerns and to share ideas and/or suggestions. Director Molinyawe showed residents a map of areas maintained by the District.

Kasey Dalby, resident and real estate agent, questioned why the water bill for an unoccupied house on the market was \$850 a month. Hank Smith explained that the developer runs the irrigation system 24/7 when preparing a house for sale. When new owners move in, they typically do not check irrigation system settings and end up with a \$7,000 - \$8,000 bill for water usage the first month of occupancy. Hal Lanham noted there may be a leak in the pipes or irrigation system. Ms. Dalby indicated that the pipes and irrigation system had been checked and no leaks were found. Hal Lanham said that he would work with Ms. Dalby to figure out the \$850 charge.

Directors Darling and Molinyawe explained that the District had decided to do more mowing at the entrance to the neighborhood, but that the green spaces behind resident homes had never been maintained due to expense. Director Darling explained that clearing costs to prepare property for an initial mowing would cost between \$500,000 and \$800,000. Trees would need to be pruned and silt fencing removed to prevent equipment damage. Director Darling estimated twice-a-year mowing of green spaces behind resident homes would cost between \$150,000 and \$200,000.

Residents expressed concern regarding invasive salt cedar: (1) as a fire hazard; and (2) its ability to monopolize the water system due to its long tap roots. A few residents indicated they pay out-of-pocket to clean sewer backup after storms, and to clear vegetation adjacent to their properties. It was also noted, that tree trimmings are being dumped in green spaces at the back of the District and that bundles of timber were also a fire hazard concern. One resident said that the District should consider thinning cedar crowns in order to reduce fire hazard if costs were too high to remove salt cedar entirely. Director Darling explained that salt cedar was not being controlled because the District had not made a decision on spending money to control the plant.

Directors Molinyawe and Salinas expressed that there was not a general agreement among residents to remove salt cedar. The Directors and other residents like the privacy it provides their property. Directors Molinyawe and Salinas both voted against removal of salt cedar due to the capital output that would be required by the District; they are mainly concerned with having clean, running water in the District. Director Salinas said that residents need to be firewise by mowing and cutting bushes behind property if they could afford the expense; he did not have a problem with thinning salt cedar. Director Darling noted that there is no rule on how far you can mow behind property line. He estimated that less than 10 percent of residents take care of green space behind their properties.

Consultants noted that residents should not cut down bushes on riverbank because doing so would cause erosion. One resident suggested letting goats forage grass if mowing costs were an issue.

Director Darling noted that he and TES had toured the District with the fire marshal and that the fire department would not enter any area that does not have three (3) in-and-out routes. The District currently only has one (1) in-and-out route.

Director Darling noted that the District needs to hire a landscape architect to map out the District to get everyone on the same page regarding access ways. TES will coordinate with AWR to get a proposal for clearing access ways.

Director Molinyawe reminded residents that two large brush pick-ups within the subdivision are scheduled on an annual basis.

Hank Smith noted that a special assessment would need to be made regarding access ways, but that developer bonds had to be paid first.

There was general consensus that the Board needs to develop a policy regarding clearing of green space. One resident suggested that the Board encourage residents to take care of green space adjacent to property, but that residents needed general solutions to be published on the District website. Director Darling suggested that the November meeting take place in the evening to get more resident attendance and input. He suggested the elementary school auditorium.

Director Molinyawe asked for resident feedback on District property in front of the elementary school. She asked if the District should leave as-is, or if it should landscape the area with boulders and drought-tolerant plants. Residents said that there were too many other issues to deal with before thinking about that area.

Upon a motion by Director Molinyawe and a second by Director Peeler, the Board approved the following by unanimous vote:

- 1) Amend annual mowing contract to add trail maintenance, mowing more often, and mowing further back;
- 2) Start mowing tall grass in alley ways;
- 3) Prepare a District policy on how residents can make property behind property line firewise.

The Board next considered the General Manager's report. Hal Lanham presented a general overview of the District for residents. He noted that it costs approximately \$40,000 per month to operate the District. Director Darling added that the District is unique in that it has its own water wells. Mr. Lanham then presented items listed in the General Manager's report, and discussed the following:

District landscaping. Hal Lanham reported that AWR is working with LBS on all landscaping concerns that were expressed at the September meeting. LBS has completed all areas that were not serviced satisfactorily or were not serviced, and has provided an amended schedule of services to the Board. Mr. Greaney said that he would provide pro bono service this week to keep LBS on track with the new contract.

Out of District Service – Colina Commerce Park 8” x 2” compound water meter has been installed. The water draining into the meter vault for Colina Commerce Park has been determined to originate from a nearby house and that resident has been advised to contact a licensed plumber.

Resident pool construction and District property use. As directed at the last meeting, AWR is monitoring District property being used for pool construction. A deposit for these locations is being held pending removal and re-vegetation of District property.

AWR is investigating alternate anchoring systems for the canopy that covers the blowers at the wastewater treatment plant.

Irrigation field valve boxes has been repaired and closed.

Two (2) grinder pump repairs were conducted during this reporting period.

AWR meter reading staff have been instructed to close and/or replace all meter box lids when reading meters in the District.

The Board next considered facility operation and maintenance, utility service, billing, and collections. Mr. Lanham noted that new meters communicate via cellular service and that reading meters was no longer necessary. New homes, approximately one-third of the neighborhood, contain new meters. No action was taken by the Board.

The Board then discussed AWR’s contract for billing, maintenance, and operation services. The proposed contract was not reviewed by Mr. Hamala, so the current contract becomes a month-to-month contract on its expiration. The AWR contract will be discussed at the November meeting.

Hank Smith presented the Engineer’s Report. Mr. Smith noted the following items:

- Phase 2, Section 4 project is completing the permitting phase.
- Phase 1, Section 5 and Phase 1, Section 6 construction is complete. Project closeout with Travis County and LCRA revegetation.
- Phase 3 of irrigation fields is designed.
- Water Wells 16-20 are permitted through TCEQ and are ready to bid and drill as needed.
- Water Wells 21-25 are permitted through TCEQ.
- Raw Water Tank project is complete.
- WWTP is awaiting report from TRC regarding Lake Travis ISD additions. Report is anticipated by October 26, 2017.
- Lightning/grounding protection at Rock Wren Site needs Board approval to move forward with public bidding.
- New contract is in place with Landscape Business Systems at \$6,750 per month. Contract modifications were requested. An updated landscape map was sent to LBS. Additional Mowing Option 2 was approved at an additional cost of \$3,780 per month. Following will be added to original contract:
 - Add ROW areas; additional offset from road for ROW areas; add 8 trips for median and right-of-ways; add 6 trips for ponds and irrigation fields; add 4 trips to trails.

- On Tuesday, October 17, 2017, Director Darling and TES met with the Pedernales Fire Marshal to look at improving entrances to the irrigation field areas in the event there is a wildfire in those areas.
- The Fire Marshal identified several access points that could be improved by clearing an 8'-10'-wide access way.
 - TES will coordinate with AWR to get a proposal from the landscape contractor to clear the area.
- Lehne Commercial is monitoring revegetation.
- Lake Travis ISD has initiated design services with TRC and TES on expansion requirements and costs.

The Board considered pay applications and change orders on pending projects. There are no pay applications at this time.

The Board next considered a review of current water, sewer, and storm drainage rates. Director Darling noted that the District has slightly more revenue than expenses, and that rates pay for operations only. He indicated that the elementary school has a government rate, and that there is no need for a commercial rate for the businesses at the entrance to the District. He indicated that the Board can come up with \$8-10 rate increase across the board. Hank Smith stated that the cost for a bond issue has increased. Mr. Smith also noted that the District receives revenue for providing water to commercial properties. No action was taken by the Board.


The Board then considered out-of-district water and sewer service request by Lake Travis ISD. Hank Smith discussed the request briefly. Director Darling added that construction of the middle school and high school starts in 2025 and 2026. No action was taken by the Board.

No quarterly investment report was available for consideration by the Board.

Jeff Monzingo presented the bills and invoices that were due to be paid, along with the bank account balances. He noted that the 2018 debt service fund would be between \$5,000,000 and \$7,000,000. He explained that assessed valuation needs to increase to avoid a tax increase. He noted that the 2017 tax rate is the same as the 2016 tax rate, and that \$0.05 was moved out of the operations account to debt service. He also noted that \$3,500 had been added to the Manager's Account. Mr. Monzingo noted that District property taxes should start trickling in, with the majority being received in December and January. Debt service for the current fiscal year is \$1,128,000. Director Darling explained the Contractual Capacity Fee, money that the District sets aside in case it has to pay a pass-through fee for Lake Travis water. Mr. Monzingo then noted that the District's financial audit must be completed by January 2018. Upon a motion by Director den Hoed, seconded by Director Peeler, and unanimously carried, the Board approved the payment of the bills, invoices, and transfers as presented by Mr. Monzingo.

The meeting was adjourned with the next meeting planned for November 16, 2017.

APPROVED November 16, 2017.



 Joanne Molinyawe, Secretary

